

**Question Q217**

**National Group:** New Zealand

**Title:** The patentability criterion of inventive step /non-obviousness

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**Questions**

**I. Analysis of current law and case law**

*The Groups are invited to answer the following questions under their national laws:*

**Level of inventive step/non-obviousness**

1. What is the standard for inventive step/non-obviousness in your jurisdiction? How is it defined?

Inventive step/non-obviousness is not examined in New Zealand. However, obviousness or lack of inventive step is a ground for both pre-grant opposition and post-grant revocation proceedings.

In pre-grant opposition proceedings, the inventive step criteria is satisfied unless the invention is “obvious and *clearly* does not involve any inventive step” having regard to matter published or used in New Zealand before the priority date of the claim. This reflects the intention of section 21(1)(e) of the Patents Act 1953 (“the Act”), that only applications which are “manifestly untenable” should be refused at this early stage.

In relation to post-grant revocation proceedings, section 41(1)(f) of the Act provides that a patent may be revoked on the ground that “the invention [as claimed] is obvious and does not involve any inventive step having regard to what was known or used before the priority date of the claim in New Zealand.”

In assessing “inventive step”, there is only a need for a “scintilla of invention”. (*Samuel Parkes & Co Limited v Cocker Brothers Limited* (1929) 46 RPC 241, adopted by *Ancare New Zealand Limited v Cyanamid of NZ Limited* [2000] 3 NZLR 299, 309 (CA)).

2. Has the standard changed in the last 20 years? Has the standard evolved with the technical/industrial evolution of your jurisdiction?

There has been little change in the last 20 years.

However, the Patents Bill 2008 (“the Bill”), which will update New Zealand’s legislation, is currently before Parliament. The Bill is awaiting the second of three readings required before it can pass into law. It provides for examination of inventive step, which is defined in the Bill as existing if “[the invention claimed] is not obvious to a person skilled in the art, having regard to any matter which forms part of the prior art base.” The prior art base is defined in the Bill as “all matter (whether a product, a process, information about a product or process, or anything else) that has at any time before the priority date of that claim been made available to the public (whether in New Zealand or elsewhere) by written or oral description, by use, or in any other way.” This will be a significant change to New Zealand practice.

3. Does your patent-granting authority publish examination guidelines on inventive step/non-obviousness? If yes, how useful and effective are the guidelines?

There are no published examination guidelines because inventive step/non-obviousness is not examined in New Zealand.

4. Does the standard for inventive step/non-obviousness differ during examination versus during litigation or invalidity proceedings?

As outlined above, inventive step/non-obviousness is not examined in New Zealand. However, there are differences between the standard of inventive step/non-obviousness in pre-grant oppositions (the invention as claimed “is obvious and *clearly* does not involve any inventive step”), and revocation proceedings (the invention as claimed “is obvious and does not involve any inventive step”).

### **Construction of claims and interpretation of prior art**

5. How are the claims construed in your jurisdiction? Are they read literally, or as would be understood by a person skilled in the art?

Claims are given a purposive interpretation, in light of the object and the description in the body of the specification. The words of the claim define the scope of the invention, and are construed as they would be understood by a person skilled in the relevant art. (*Peterson Portable Sawing Systems v Lucas* [2006] NZSC 20, 26-27).

6. Is it possible to read embodiments from the body of the specification into the claims?

The description can be used to assist interpretation, but it cannot modify the scope of the claims, such as by reading in limitations (*Peterson Portable Sawing Systems v Lucas* [2006] NZSC 20, 28).

7. How is the prior art interpreted? Is it read literally or interpreted as would be understood by a person skilled in the art? Is reliance on inherent disclosures (aspects of the prior art that are not explicitly mentioned but would be understood to be present by a person skilled in the art) permitted?

The prior art is interpreted as it would be understood by a person skilled in the art, and in light of the common general knowledge, at the priority date of the claim in question.

New Zealand Courts have held that obviousness is to be judged from the viewpoint of a “notional skilled addressee” who is skilled in the art, knows all the relevant literature but is not capable of a “scintilla of invention” (*Beecham Group Ltd v Bristol-Myers Co. (No 2)* [1980] 1 NZLR 192).

8. Do the answers to any of the questions above differ during examination versus during litigation?

As outlined above, inventive step/non-obviousness is not examined in New Zealand, although there are certain differences between pre-grant oppositions and revocation proceedings (see questions 1 and 4, above). In relation to construction of claims and interpretation of prior art, there are no specific differences between pre-grant oppositions and revocation proceedings.

### **Combination or modification of prior art**

9. Is it proper in your jurisdiction to find lack of inventive step or obviousness over a single prior art reference? If yes, and assuming the claim is novel over the prior art reference, what is required to provide the missing teaching(s)? Is argument sufficient? Is the level of the common general knowledge an issue to be considered?

Yes, a single prior art reference may lead to finding lack of inventive step or obviousness. The invention is obvious if what is missing from the disclosed prior art reference forms part of the common general knowledge of the skilled addressee at the priority date of the claim.

While the level of the common general knowledge is therefore relevant, the question of what will form part of the “common general knowledge” is more difficult. There has been support for the proposition in *Technograph Printed Circuits Limited v Mills & Rockley (Electronics) Limited* [1972] RPC 346 (HL) that the common general knowledge comprises what ought to be known to a diligent searcher (or team of searchers). However, the matter is not settled.

As noted above, in New Zealand, inventive step is only a ground for opposition or revocation proceedings, it is not considered during examination. Therefore, the

onus is on the party alleging a lack of inventive step to show that the claimed invention is obvious and *clearly* does not involve any inventive step (opposition proceedings) or that it is obvious and does not involve any inventive step (revocation proceedings). The benefit of the doubt lies with the applicant (opposition proceedings) or patentee (revocation proceedings).

10. What is required to combine two or more prior art references? Is an explicit teaching or motivation to combine required?

Combining two or more documents is permissible in some circumstances. The documents must be of a type that would normally be found together by a notional skilled addressee researching the subject matter.

In *Ancare* (citation above), the Court held that “prior documents may be looked at together if that is what the skilled person or team would do.” Only documents may be combined. It is not permissible to combine instances of prior publication with prior use.

11. When two or more prior art references are combined, how relevant is the closeness of the technical field to what is being claimed? How relevant is the problem the inventor of the claim in question was trying to solve?

The closeness of the technical field to the claimed subject matter is relevant. The problem the inventor is trying to solve may also be relevant in determining the notional skilled addressee and in identifying the common general knowledge in the technology area in question.

12. Is it permitted in your jurisdiction to combine more than two references to show lack of inventive step or obviousness? Is the standard different from when only two references are combined?

Yes, it is permissible to combine more than two references, if a skilled person or team would do so. There is no difference in standard.

13. Do the answers to any of the questions above differ during examination versus during litigation?

The answers provided above only address lack of inventive step during litigation (either opposition or revocation proceedings). Inventive step is not examined in New Zealand.

## Technical Problem

14. What role, if any, does the technical problem to be solved play in determining inventive step or non-obviousness?

The technical problem to be solved may influence what industry the invention relates to, and therefore the selection of the particular notional skilled addressee, and the determination of the common general knowledge.

15. To what degree, if any, must the technical problem be disclosed or identified in the specification?

Not strictly required, but recommended.

### **Advantageous effects**

16. What role, if any, do advantageous effects play in determining inventive step or non-obviousness?

Advantageous effects may play a role in determining whether an inventive step exists for a collocation of known integers. If the combined integers do more than each simply performing its known function, this may provide an inventive step (*Peterson*, cited above).

17. Must the advantageous effects be disclosed in the as-filed specification?

If the advantageous effect is to be relied on as forming part of the inventive step, then it should be discussed in the specification.

However, in determining obviousness during opposition proceedings, the Commissioner of Patents has held that the inventive concept is defined by the claims, and therefore advantages discussed in the specification but not claimed should be disregarded (*Lafarge Platres' Application*, Commissioner's Decision (2006) No. P47).

18. Is it possible to have later-submitted data considered by the Examiner?

It is possible to file supporting evidence which will be considered by the examiner (*G D Searle & Co* (2000) Decision of the Commissioner No. 17). In this decision, the evidence was filed to address a mere collocation objection raised during prosecution of the application.

19. How "real" must the advantageous effects be? Are paper or hypothetical examples sufficient?

It is common in New Zealand for specifications to include paper or hypothetical examples.

20. Do the answers to any of the questions above differ during examination versus during litigation?

The answers provided above only address lack of inventive step during litigation (either opposition or revocation proceedings). Inventive step is not examined in New Zealand.

## Teaching away

21. Does your jurisdiction recognize teaching away as a factor in favor of inventive step/non-obviousness? Must the teaching be explicit?

Yes, teaching away is a recognised factor. The teaching would need to be explicit.

If a document teaches away from a particular solution, then a person skilled in the art may be considered unlikely to combine that document with the common general knowledge in order to reach the claimed invention.

Furthermore, a number of documents teaching away may indicate a common view of those working in the particular area (i.e. the common general knowledge). An invention that runs contrary to that common view may thus be considered to have an inventive step.

22. Among the other factors supporting inventive step/non-obviousness, how important is teaching away?

Teaching away is only one factor to be considered, and may not be decisive.

23. Is there any difference in how teaching away is applied during examination versus in litigation?

The answers provided above only address lack of inventive step during litigation (either opposition or revocation proceedings). Inventive step is not examined in New Zealand.

## Secondary considerations

24. Are secondary considerations recognized in your jurisdiction?

Yes. Secondary considerations may be relevant to inventive step/non-obviousness. This was confirmed in *Sealed Air NZ Ltd v Machinery Developments Ltd* (25/8/04) HC Wellington CIV-2003-485-2274.

25. If yes, what are the accepted secondary considerations? How and to what degree must they be proven? Is a close connection between the claimed invention and the secondary considerations required?

The Judge in *Sealed Air* cited with approval the factors relevant to evidence of commercial success identified in *Haberman v Jackel International Ltd* [1999] FSR 683, which includes factors such as the significance and duration of the problem addressed by the invention; how well-known the problem is and the number of people likely to be seeking a solution to it; and the extent to which it can be demonstrated that the invention's commercial success is due to its technical merits in solving the problem.

The Court in *Peterson* (cited above) took a cautious approach to evidence of commercial success and stated that “such evidence must be considered with care.”

26. Do the answers to any of the questions above differ during examination versus during litigation?

The answers provided above only address lack of inventive step during litigation (either opposition or revocation proceedings). Inventive step is not examined in New Zealand.

### Other considerations

27. In addition to the subjects discussed in questions 4 - 26 above, are there other issues, tests, or factors that are taken into consideration in determining inventive step/non-obviousness in your jurisdiction?

Yes.

28. If yes, please describe these issues, tests, or factors.

New Zealand maintains a system of local novelty. Therefore, the prior art (whether “documentary” or “use”) that is relied on in support of an allegation of obviousness must have been publicly available in New Zealand.

### Test

29. What is the specific statement of the test for inventive step/non-obviousness in your jurisdiction? Is there jurisprudence or other authoritative literature interpreting the meaning of such test and, if so, provide a brief summary of such interpretation.

The procedure for determining whether an invention is obvious is provided by *Windsurfer International Inc v Tabur Marine* [1985] RPC 59, 79, adopted in New Zealand by *Smale v North Sails* [1991] 3 NZLR 19, 42:

[1] The first step is to identify the inventive concept embodied in the patent in suit. [2] Thereafter, the Court has to assume the mantle of the normally skilled but unimaginative addressee in the art at the priority date and impute to him what was, at that date, common general knowledge in the art in question. [3] The third step is to identify what, if any, differences exist between the matter cited as being ‘known or used’ and the alleged invention. [4] Finally the Court has to ask itself, whether viewed without any knowledge of the alleged invention, those differences constitute steps which would have been obvious to someone skilled in the art or whether they require any degree of invention.

This was restated by *Ancare New Zealand Limited v Cyanamid of NZ Limited* [2000] 3 NZLR 299 [43] (CA):

It postulates a person (or team) skilled in the field but not inventive, invested with the common general knowledge available in the field at the priority date, presented with the prior knowledge or prior use relied upon. Prior documents may be looked at together if that is what the skilled person or team would do. It asks whether to that person or team the alleged inventive step would be obvious and would be recognised, without bringing to bear any inventiveness, as something that could be done or is at least worth trying. That is a question of fact. If any embodiment within the scope of the claim is obvious the claim is invalid.

30. Does such test differ during examination versus during litigation?

The answers provided above only address lack of inventive step during litigation (either opposition or revocation proceedings). Inventive step is not examined in New Zealand.

### **Patent granting authorities versus courts**

31. If there are areas not already described above where the approach to inventive step/non-obviousness taken during examination diverges from that taken by courts, please describe these areas.

Not applicable – inventive step is not examined in New Zealand.

32. Is divergence in approach to inventive step/non-obviousness between the courts and the patent granting authority in your jurisdiction problematic?

Not applicable.

### **Regional and national patent granting authorities**

33. If you have two patent granting authorities covering your jurisdiction, do they diverge in their approach to inventive step/non-obviousness?

New Zealand has only one patent-granting authority.

34. If yes, is this problematic?

Not applicable.

### **Proposals for harmonization**

*The Groups are invited to put forward proposals for the adoption of harmonised rules in relation to the patentability criteria for inventive step/non-obviousness. More specifically, the Groups are invited to answer the following questions without regard to their national laws:*

35. Is harmonization of inventive step/non-obviousness desirable?



Harmonization would have advantages in terms of increased certainty for applicants. However, it is difficult to envisage a single threshold that would satisfy the requirements and agendas of all countries.

36. Is it possible to find a standard for inventive step/non-obviousness that would be universally acceptable?

This seems unlikely, as even within states the threshold for inventive step is the subject of debate.

37. Please propose a definition for inventive step/non-obviousness that you would consider to be broadly acceptable.

The term "inventive step" means, so far as claimed in a claim, that which is not obvious to a person skilled in the art, having regard to any matter which forms part of the prior art base.

38. Please propose an approach to the application of this definition that could be used by examiners and by courts in determining inventive step/non-obviousness.

The *Windsurfer* approach referred to at question 29, above, could be acceptable.

## SUMMARY

New Zealand currently does not examine for inventive step and has a local novelty prior art base. The approach to inventive step issues is to a large extent aligned with the approach in the United Kingdom with the test for obviousness being that taken from *Windsurfer International Inc v Tabur Marine* [1985] RPC 59, 79, adopted in New Zealand by *Smale v North Sails* [1991] 3 NZLR 19, 42 and *Ancare New Zealand Ltd v Cyanamid of NZ Ltd* [2000] 3 NZLR 299 [43] (CA).